

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7083**

**BILL NUMBER:** HB 1282

**NOTE PREPARED:** Jan 8, 2006

**BILL AMENDED:**

**SUBJECT:** Elimination of school property taxes.

**FIRST AUTHOR:** Rep. Murphy

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** Terminates the authority of a school corporation to impose a property tax for educational purposes other than to repay an obligation that: (1) was entered into before April 1, 2006; and (2) includes a pledge requiring the school corporation to repay the obligation only from property taxes. Permits a school corporation to impose a local income for education tax against adjusted gross income in the taxing unit. Reduces the state adjusted gross income tax imposed on individuals. Eliminates distributions to school corporations from the property tax replacement fund. Provides for an additional state funded ADM flat grant to school corporations and charter schools. Requires school corporations to use the grant to reduce the local income tax for education tax rates imposed for debt service and capital projects. Makes an appropriation. Makes other related changes.

**Effective Date:** July 1, 2006; January 1, 2007.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

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